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June 25, 2010

Mr. Russell Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

SUBJECT: *No. 1810-100 Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities*

Dear Mr. Golden:

I am writing to comment on the exposure draft *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities* ("proposal").

As a Louisiana community bank investor, I am writing to express my deep concerns and opposition to the portion of the proposal that requires all financial instruments to be marked to market. From a bank investor's perspective, mark to market accounting will not improve bank's financial reporting information.

According to the proposal, banks must record loans on the balance sheet at their market value. In all my meetings with bank management regarding financial results, market values of loans are never discussed. Bank's business models do not include the market value of loans or deposits since these accounts are not for sale. We make loans in order to make interest income and the rate charged considers the associated risks. Mark to market accounting results in volatility which may result in the bank limiting their products to less volatile transactions. Accounting rules should not be driving the decision process and products offered by a bank. Also, mark to market accounting was one of the contributing factors to the severity of the recent financial crisis. Why would we continue down this path?

Additionally, mark to marketing accounting will require additional costs and resources to be dedicated to produce and audit such data. We have learned from the recent financial crisis that markets are sometimes illiquid and sometimes irrational. Because banks do not use fair values in managing their cash flows, I anticipate that this could require banks to hire more staff and/or consultants to assist with estimating fair values and to pay significantly higher audit fees. In the end, investors will be paying consultants and auditors significant sums to make estimates that my fellow shareholders and I will do nothing with.

With this in mind, I recommend you to drop your proposal to mark loans to market, as, from my perspective as an investor, it does not improve financial reporting.

Thank you for considering my views.


John C. Simpson